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**DIA, OSD and DOS review(s) completed.**

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GENERAL

1. US MA Belgrade comments on plane incident--US Military Attaché Belgrade considers that, although he had not previously believed the USSR and Yugoslavia were "ready to fight now," the shooting down of the two US transports indicates they are willing to risk early conflict.
2. US Mission Sofia suggests re-routing of Italy-Sofia flights--In connection with Yugoslav attacks on US planes, US Mission Sofia points out that planes which service the Mission from Italy fly over a narrow prescribed area in Yugoslavia and are the Mission's only means of contact with the outside world. Since these planes might leave the prescribed course and be subject to attack, the Mission suggests the planes be routed via Athens until present difficulties are overcome.
3. US to propose withdrawal of troops from Iceland--The State Department has decided, in order to forestall a unilateral Icelandic demand for withdrawal of US forces, to propose (a) abrogation of the 1941 agreement, (b) immediate return of Meeks Field to Iceland, (c) transit rights for US aircraft supporting US control agencies in Germany, (d) maintenance of the US services, installations and personnel needed to operate the airport, and (e) progressive withdrawal within 180 days of all US military and naval personnel in Iceland. Byrnes believes, however, that the US should make "a most earnest effort" to secure an agreement for the duration of US control in Germany, and should agree to its termination on one year's notice only as a "last resort."
4. Finnish Army attitude on rocket reports--US Military Attaché Helsinki reports that Finnish Army circles are beginning to minimize all rocket reports as "fabrications of tipsy revellers." He adds that this trend may reflect definite instructions from Moscow or fright occasioned by Molotov's Paris speech on Finland.
5. Soviet air agreements with Italy and Denmark--The Italian Foreign Office has told US Embassy Rome that air service to be established between Moscow and Rome initially will consist only of a weekly liaison connection. The Italian press has reported that a Soviet company may secure a provisional concession, which ultimately would be replaced by a completely reciprocal Italo-Soviet bilateral agreement.

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Reports have also reached US Military Attaché Moscow indicating that Denmark is about to sign an agreement with the USSR for a Copenhagen-Moscow air service, in which the USSR will operate the Memel-Moscow leg alone and will provide 50 percent of the equipment and personnel for the leg between Copenhagen and Memel.

6. French may modify Spanish border control--Caffery reports that, according to a French Foreign Office official, France will modify its regulations relating to closing the Spanish border in order to obtain Spain's acquiescence to French participation in negotiations over German assets in Spain. (The French closed the Pyrenees border to trade and communications on 28 February as a protest against the Franco regime.)

#### EUROPE-AFRICA

7. GREECE: Proposed visit of US Naval detachment--In reply to a State Department inquiry, Ambassador MacVeagh states that a "courtesy visit" by a US Naval detachment would greatly benefit US interests "in this region" and strengthen the morale of Greek groups seeking to establish real democracy "in the face of the spurious brand pressing down from the north." MacVeagh feels the visit would be desirable before or "as soon as possible" after the plebiscite, but that any such visit should be clearly designated as a friendly gesture to the whole Greek people rather than to the Government alone. He suggests that the detachment include one or more capital ships, including the ROOSEVELT, and several cruisers and destroyers but adds that no US warship should be in a Greek port on voting day.

8. IRAN: US Military Attaché denies troops alerted--US Military Attaché Tehran characterizes as false the UP report that 15,000 Iranian troops have been alerted at Kazvin (95 miles northwest of Tehran) against possible hostilities with the Azerbaijani Democrats. The MA states that there are in fact less than 1,000 troops in Kazvin. He adds, on the basis of a "good source," that the Democrat Government in Tabriz is "broke" and reportedly has sent its latest delegation to Tehran in order to obtain funds.

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Qavam continues strong measures--US Ambassador Allen believes that Qavam's recent arrest of five Leftist and two Rightist leaders demonstrates that Qavam has not relaxed his determination to rule Iran with a strong hand and is now swinging to a middle course between pro-British and pro-Soviet factions, since virtually all previous arrests have been of Rightist elements.

9. GERMANY: Berlin transmitter becomes "Radio Volga"--US Political Advisor Murphy reports that on 19 August the Soviet delegate at the Political Directorate suddenly announced that the former Deutschland-sender radio station was no longer subject to quadripartite control since it had been taken over by the Soviet forces and was operating under the name of "Radio Volga." Murphy adds that US forces also have taken over several German stations for use in their network.

FAR EAST

10. CHINA: Communist "mobilization" order--US Ambassador Stuart, in comment on strong Communist denials that the 18 August "mobilization order" was a declaration of war, states the order, while perhaps "technically" not a declaration of war, is virtually such a declaration in the present tense situation.

11. KOREA: WFTU group unwelcome--MacArthur concurs with Hodge that a visit of a World Federation of Trade Unions group to South Korea at this time would be highly inopportune. MacArthur asserts that the arrival of the WFTU group in South Korea, with quasi-official US backing, would boom the prestige of the Communist-dominated Korean labor council (which joined the WFTU through North Korean channels).

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